



April 8, 2014

House Ways and Means Committee
Linda Sánchez
17906 Crusader Ave. Suite 100
Cerritos, CA 90703

Dear House Ways and Means Committee and Representative Linda Sánchez,

I fully supply support the renewal of EPAct. Have completed over 1,000 studies but I do have my concerns.

Having been involved in EPAct since its inception I never saw anyone spend millions of dollars to retrofit a property just for the tax benefits. Never – not once! EPAct was a sweetener for a deal, an incentive to use LED lighting or install a more efficient HVAC system. EPAct was never the reason to do the retrofit, it did not create jobs or accelerate the renovation process.

EPAct's benefit was in helping pay for more efficient systems. EPAct covered the difference in cost between an LED vs. fluorescent lighting system or to help pay for an enhanced ductless HVAC system. EPAct made the country more energy efficient. No one ever did a retrofit simply because of EPAct. No one built a building because of EPAct. The benefit of EPAct was is allowed a property owner to afford greener more efficient system. For schools the ability of the EPAct tax benefits to be shared with the designer have saved schools hundreds of millions of dollars in operating costs due to the saving in energy of the more efficient system.

The original EPAct rules benefited those companies and property owners that went the extra mile to save energy and who support sustainability. Conservatives loved it because it reduced our dependence on oil imports, liberals love the green aspect. Both sides cheered the fact that by its design EPAct is cash flow positive tax for the U.S. Treasury. Yes – Under the original rules EPAct generated more tax revenues than is cost and I think that is an important part to keep.

So with renewal on the horizon many wanted to see EPAct turned in to a federal rebate program for retrofits; people who want to sell and trade the EPAct tax benefits (for a fee of course) wanted their changes; consultants who's only source of income were EPAct studies needed it back; all of them now come out cheering on renewal.

HVAC companies complained that the targets were too hard to meet, one even went so far as to claim that they could NEVER meet the EPAct standards. I've also seen hundreds of HVAC systems qualify for the tax deductions, more often than not they got their deductions.

The problem was not with EAct but with companies that cut corners in the design or installation of an HVAC system.

I support EAct renewal but with only minimal changes (Using a more current ASHRE standard and mirroring the new CA Title 24 standards), it should continue to be a stretch goal, benefiting those who go the extra mile to be energy efficient. I've seen EAct's deductions used to pay for LED upgrades and more efficient HVAC systems. EAct's purpose was and should be to get property owners to be more efficient in their energy use and not to subsidize a retrofit that were going to be done anyway. It should continue to be cash positive to the treasury and not a drain.

My prediction is that EAct will be renewed and for one simple reason. Many of the larger construction firms involved in military base remodeling and other federal and state projects want those deductions and even took them into consideration when they bid these jobs. It is these players that have the clout and whose voices will be heard the loudest.

EAct should be renewed with few changes and much as it is. EAct deserves your support.

EAct's purpose is to help move America forward towards energy independence.

Thank you for your consideration.

Don McDougall
General Manager
Solid State Capital Services.